



CITY COUNCIL STAFF REPORT

MEETING DATE: August 22, 2012

Agenda Item # **38**

Prepared By:

Community Services
Director

Submitted By:

City Manager

CITY COUNCIL CHAMBER LOCATION

RECOMMENDED ACTION(S):

1. Discuss the City Council's vision for the Council Chambers
2. Direct staff to pursue the option that best satisfies the Council's vision

EXECUTIVE SUMMARY:

On September 7, 2011, the City Council was presented with 14 potential General Fund cost savings or revenue generating alternatives. These included, but were not limited to relocating City Hall services, turning off street lights, leaving vacant positions open, issuing a fire service provider RFP, leasing City Hall, repurposing or selling the Friendly Inn, and savings through labor. At the conclusion of the discussion, the Council directed staff to relocate existing City Hall services (estimated annual savings of \$100,000) and to issue an RFP for fire services (estimated annual savings \$500,000).

The Council recently approved a contract with Cal Fire that is estimated to save \$800,000 annually and the adopted FY 12-13 City Hall operating budget accounted for the relocation of staff. Thus, it is anticipated that the Council's goal to save a combined \$600,000 annually will be surpassed beginning in FY 13-14 once the fire transition is complete and the servers have been moved to the Police Department.

To date, the majority of the Council's discussions on relocating the Council Chambers have centered on cost savings. Since this is a significant decision for the Council, staff recommends that the Council first discuss its vision for Council meetings before deciding on the best strategy to implement the vision. Similar to the Council's process for transitioning fire service providers, the Council may want to accomplish other goals with this potential project. Questions the Council may want to discuss include:

- Is it important to have the Chambers at the existing civic campus?
- Is it a priority to improve the public meeting experience through technology upgrades and a more spacious Chambers?
- Is it important to have a permanent Chambers for public meetings?
- Does the Council's vision include a paperless agenda process?

Once the Council's vision and goals for the Chambers are understood, the following options (or a hybrid version of the three) could be pursued:

- a. Relocate the Chambers to the Community & Cultural Center (CCC) with the proposed technology upgrades and attempt to lease the entire City Hall building
- b. Maintain the existing Chambers and attempt to rent the remainder of City Hall space to a more limited group of potential users
- c. Renovate the former City Hall building to accommodate a larger Council Chambers with technology upgrades as proposed for the CCC, and reserve the balance of the building for future public use

In order for the Council to make an informed decision, the attached memo includes detailed information on factors that should be considered for relocating to the CCC and brief information on the other options.

FISCAL/RESOURCE IMPACT: Depending on Council direction, the fiscal/resource impact varies. Estimated impacts for each option are included in the attached memo. Managing the Chamber Relocation Project is a planned activity of the Community Services Department.

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MEMORANDUM

Date: August 22, 2012
To: Ed Tewes, City Manager
From: Steve Rymer, Director of Community Services
Re: City Council Chambers Location Report

Background

As part of the City Hall relocation project, the City Council Chambers would be moved to the Community & Cultural Center (CCC) using a portable dais and technology set-up so that the Hiram Morgan Hill Room (HMRH) could continue as a multi-purpose space. The September 7, 2011, staff report informed the Council that an estimated \$100,000 could be saved annually in the General Fund if City Hall services were relocated. This would primarily be realized by lower utility and building maintenance expenses.

The Council recently approved a contract with Cal Fire that is estimated to save \$800,000 annually and the adopted FY 12-13 City Hall operating budget accounted for the relocation of staff. Thus, it is anticipated that the Council's goal to save a combined \$600,000 annually will be surpassed beginning in FY 13-14 once the fire transition is complete and the servers have been moved to the Police Department. The server relocation is scheduled for November 2012.

To pay for the relocation, staff estimated that it would cost approximately \$275,000 of which \$80,000 was for the broadcast equipment and portable dais. The remainder of the expense was to relocate City Hall staff and services, to relocate Information Services (IS) to the Police Department, to implement Police server virtualization, to rewire the generator to DSC, and to relocate fiber to the Police Department. To pay for the project, the Information Services Internal Service Fund (\$140,000), Public Education Government Access (\$30,000), Building Maintenance Fund (\$40,000), and General Fund (\$65,000) would contribute.

As staff began planning for the relocation, it was quickly realized that the technical capabilities and staff capacity to complete the necessary work were lacking. As a result, staff issued an RFP for professional A/V design services and selected Mr. Gene Masserini from GM Engineering. To date, Mr. Masserini has worked with staff to design a system that meets the following goals:

1. Create a portable, media friendly meeting space in the Hiram Morgan Hill Room that will facilitate AV presentations for public meetings without compromising the existing uses
2. Create a high quality, state-of-the-art AV system to facilitate and document City of Morgan Hill meetings and presentations

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3. Create a high quality, user-friendly meeting space that complies with the American with Disabilities Act (ADA) standards as they relate to presentations before a governing body
4. Create a highly adaptable solution that can be easily setup, taken down, and stored

During the Council's FY 12-13 Budget Workshop, staff included a \$300,000 Chamber Relocation Project in the proposed Capital Improvement Program budget. As part of the recommendation, staff proposed expending \$240,000 from the Public Facilities Fund (Fund 347) and \$60,000 from the Civic Center Construction Fund (Fund 370) rather than the General Fund. The Council expressed its concern with the increased cost and directed staff to return with a comprehensive report for consideration.

At the time of the Budget Workshop, staff did not yet have Mr. Masserini's estimated project costs because the project was still in the design phase. Mr. Masserini has concluded his design work and estimates that a project of this scope would cost approximately \$275,000, plus contingency.

Step 1: Determine City Council's Vision and Goals for City Council Meetings

To date, the majority of the Council's discussions on relocating the Council Chambers have centered on cost savings. Since this is a significant decision for the Council, staff recommends that the Council first discuss its vision for Council meetings before deciding on the best strategy to implement the vision. Similar to the Council's process for transitioning fire service providers, the Council may want to accomplish other goals with this potential project. Questions the Council may want to discuss include:

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Step 2: Determine Which Option Best Satisfies Council's Vision and Goals

Option A

Relocate the Chambers to the CCC with the proposed technology upgrades and attempt to lease the entire City Hall building

Fiscal/Resource Impact:

Relocating the Chambers to the CCC would have a project cost of approximately \$300,000; the CCC's net revenue would be reduced by \$1,400 annually by repurposing the Poppy Jasper Room; CCC staff expense would be approximately \$7,000 higher annually; and there is a potential to increase General Fund revenue by \$72,000 annually by leasing the former City Hall building.

Functionality of proposed equipment

Key Points:

- Existing equipment is dated and has been "pieced" together
- Low quality viewing
- Current presentation capabilities are limited
- New technology would be state-of-the-art with improved ease of use

The majority of the current Council Chamber's recording and broadcast equipment is over 10 years old and includes security grade cameras, VHS tape drives, and connections cobbled together from Radio Shack and other electronics stores to support newer DVD and streamed video connections. The City of Morgan Hill broadcast staff has been able to maintain and add new systems for supporting these new formats, but without upgrades to the basic technology, Council broadcasts will only achieve minimum broadcast quality audio and video.

Current access to Council broadcasts is through Channel 17, reaching approximately 3,500 Morgan Hill households, live via Internet Streaming, and archival viewing through Granicus. Current quality of streamed and archival video are of minimal quality with presentations often being difficult for viewers to see because the formats available for presenters is limited to older technology which is often difficult and time consuming to setup. This typically requires staff experienced with the current setup.

In working with Mr. Masserini, staff specified a state-of-the-art design that meets the requirements of the project (as listed above) while ensuring that the cost is held to a minimum. Key components of the proposal include:

- Ceiling mounted projector that utilizes the existing screen
 - A 55" monitor would provide the Council and Planning Commission with the same video feed as the screen
- Ceiling and wall mounted camera system (4 total)
- An integrated "Smart Podium"

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- Portable document camera
- Wireless dais and staff table microphones with mute switches
- Assistive Listening System
- Language translation system (utilizes Assistive Listening System receivers)
- Multi-view touch screen monitor for Cable Technician controls
- Portable 30” deep tables with modesty panels for dais and staff tables (see attached example)
 - The room can be configured with seating for five on the stage or seating for seven on the dance floor

The proposed enhancements to provide current camera and broadcast technologies would support both the lower bandwidth access provided through our PEG cable franchise and High Definition video expected by today’s video and internet users. The proposed “Smart Podium” would give the presenter direct access for CD, DVD and Blu-Ray media. Smart phones, tablets, iPads, and laptops would be connectable to inputs at the podium with no staff interaction needed for presentation setup. Direct live annotations from the podium and electronic pointers would integrate directly into the video broadcast and recording, making them viewable during the actual meeting and as part of the video archive.

Proposed Council and Planning Commission meeting dates and frequency

Early in the relocation discussion about potentially relocating the Council Chambers, it was mentioned that the City Council and Planning Commission may need to revise their existing meeting schedules due to CCC room availability. To accommodate both the Council and Commission while limiting the impact to existing customers, staff would recommend changing the meeting schedules as follows:

City Council: First and third Wednesdays

Planning Commission: Second and fourth Wednesdays

Additionally, it is important for the Council to realize that calling special meetings would be more difficult since the HMHR may be reserved by customers on other evenings. However, if special meetings do not need to be televised or recorded, then other rooms may be available to accommodate meetings.

Note: Since neither the Parks and Recreation Commission or Youth Action Council meetings are televised, these meetings would be moved to either the Centennial Recreation Center (CRC) or another room at the CCC.

Benefits and consequences of relocating the Chambers to the CCC

Benefits

To accommodate the City Council and Planning Commission holding their meetings at the CCC, the several technological improvements/enhancements described above may benefit CCC clients

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and potentially attract new business. Even though it is difficult to quantify the additional revenue that may be generated, at a minimum, the technology enhancements update the CCC and would assist in staying competitive, particularly to the business market. Primary upgrades that also benefit CCC customers include:

- Upgrade to sound system allowing for multiple wireless microphones (including lapel microphones) to be used simultaneously. Currently, this creates feedback with existing sound system.
- Installation of mounted ceiling projector eases setup and use of equipment.
- Upgrade of the wireless network will accommodate high volume of users at one time.
- Ability to both video and broadcast from the HMHR.
- Availability of a language translation system.

Consequences

Moving the City Council Chambers to the CCC's HMHR would result in both opportunity costs and direct costs. Additionally, it may impact existing customers' access and creates storage issues.

Opportunity Costs/Loss of Revenue

By using the HMHR room every Wednesday for City Council and Planning Commission meetings, the obvious opportunity cost is the loss of revenue associated with renting the space for other uses. Based upon the number of hours that the room will be used by the Council and Commission, the opportunity cost associated with potential lost revenue is approximately \$30,000 per year. However, upon review of actual revenue generated by the use of the HMHR on Wednesday evening during the past two fiscal years, the actual lost revenue represents about \$3,000 annually.

Staffing Cost

While already included in the adopted FY 12-13 CCC operating budget, cost for the additional part-time temporary staff required for set-up /tear down and to supervise the building each week during meetings is projected to be \$6,800. This does not include any additional hours that may be required for the Cable Technician position.

Impacts to Existing Customers

Cub Scout Pack 725

In a review of the past two years of use in the HMHR, Cub Scout Pack 725 is the only regular customer. Pack 725 uses the HMHR the third Wednesday of every month September through May for approximately 200 attendees. This has been their practice for several years and holding meetings on Wednesday would displace them. In early conversations with the Pack, they have indicated that they are not interested in moving to another day or location. However, they are only issued permits on an annual basis. The permit September 2012

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through May 2013 has not been issued though staff anticipates that the Pack plans to use the room beginning in September.

Other Customers

The other 16 uses over the course of the past two years included six (6) non-paid uses for large community meetings and ten (10) other uses that included sports banquets, one memorial service, a fashion show, and a meeting. It is projected that these other uses could easily be scheduled into Thursday evening, or possibly Monday evenings if the City opened the facility for use on Mondays.

Storage

The CCC has extremely limited storage for a building of its size. To accommodate the storage needs of the portable dais, chairs for the dais, podium, and other A/V equipment, it is anticipated that the City would need to repurpose the Poppy Jasper Room (ceramics room) for storage space and potentially 1 to 2 extra workstations. This possibility also supports the move of youth programs (specifically Cool Kids Camps) and program supplies back to the CCC from the CRC. Staff already moved Cook Kids Camp's program supplies to the Poppy Jasper Room and have been using it as the main base of operation for Recreation Leaders this summer. Repurposing of the Poppy Jasper Room would reduce net revenue by \$1,400 annually from ceramics classes (it should be noted that no winter/spring ceramics classes ran this past year due to low or no enrollment).

City Hall leasing information and potential strategy

Key Points:

- Facility is in a Public Facilities Zoning District
- Non-governmental uses would require a zoning amendment (and possible General Plan amendment)
- Lease market is slow
- Potential to generate an estimated \$72,000 annually if tenant(s) secured

The purpose of this section is to provide the City Council with background leasing information and a potential marketing and leasing strategy for the former City Hall building, should the Council decide to lease the building. Pending Council direction, the strategy could include leasing the entire facility or keeping the Council Chambers at its existing site and only leasing the remainder of the building. It should be noted however, that the more constraints placed on the building space, such as shared facilities, the more difficult the tenant search could become.

The 12,104-square foot Old City Hall building is in a Public Facilities (PF) Zoning District. The permitted uses include all facilities owned or operated by the city, the county, the state, the government of the United States or the Morgan Hill Unified School District. Other uses such as public or private educational facilities, day care centers and churches would require a Conditional Use Permit (CUP). Office uses by non-governmental/public agencies are not

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allowed even with a CUP. However, these uses may be permitted with a zoning amendment and possibly a General Plan amendment.

Given the limitation of permitted uses allowed under the PF District, it is likely a CUP may be needed as part of the leasing of this space. The cost, timeline and process associated with a CUP may discourage potential users unless the City initiates the Zoning change. It is recommended that the Council consider the range of reuse activities that would be appropriate for the space and direct staff to begin the appropriate planning actions to facilitate leasing.

Staff proposes a fair market value rental rate and associated CAM charges in accordance with accepted commercial lease practices. The rent would be negotiable based on the user and the term of the lease. Staff anticipates generating between \$0.50 and \$1.00 per-square-foot base rent based on the current lease market. Tenant improvements are recommended to be considered on a case-by-case basis. Staff proposes to market the space to other governmental agencies and to higher education institutions for the first three months. Other uses would be considered after the initial three months. It is recommended the City pay broker commission fees and seek a long-term user for the entire space.

The marketing plan would consist of a targeted mailer to governmental offices and higher education institutions for the first three months. A flyer has been created and would be posted on the City's website and mailed out to real estate brokerage firms. Banners advertising the opportunity would be placed throughout the civic center campus. After the first three months, the City Council is advised to secure the services of a local brokerage firm to advertise the opportunity and manage lease negotiations.

If the City is successful in securing a tenant(s), staff estimates lease revenue of at least \$72,000 annually without taking into consideration tenant improvements and other rent considerations, including real estate commissions.

Option B:

Maintain the existing Chambers and attempt to rent the remainder of City Hall space to a more limited group of potential users

Fiscal/Resource Impact:

Annually, operating costs may increase depending on the actual use of the facility. If the facility is primarily used for Council and Planning Commission meetings, the additional cost would be less than \$10,000 per year. However, if use substantially increased, so too would the operating costs for utilities, cleaning, and associated expenses.

This option also preserves the opportunity to rent the remainder of the facility. The potential revenue amount would be less than leasing the entire facility since the Chambers would not be available, and it is not likely that a single user would be interested in all of the remaining space.

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Unless the Council decides to upgrade the existing Chambers technology as proposed for the CCC, there would not be any upfront project costs in the near future. However, at some point the Council will need to address the fact that the facility is antiquated, technology is dated, and the meeting experience is poor.

Council Direction:

If the Council would like to pursue this option, staff would need direction on leasing the facility. Additionally, if the Council would like to consider any technology updates, staff would need direction.

Option C:

Renovate the former City Hall building to accommodate a larger Council Chambers with technology upgrades as proposed for the CCC, and reserve the balance of the building for future public use

Fiscal/Resource Impact:

It is estimated that renovating a portion of City Hall would cost \$350,000 - \$500,000 for facility improvements and technology. However, no architectural work or estimates have been performed to confirm the estimated cost.

Annually, operating costs may increase depending on the actual use of the facility. If the facility is primarily used for Council and Planning Commission meetings, the cost would be less than \$10,000 per year. However, if use substantially increased, so too would the operating costs for utilities, cleaning, and associated expenses.

This option also preserves the opportunity to rent a portion of the facility, though the available square feet is much lower. Thus, the potential revenue generated from renting would be significantly less than leasing the entire facility.

Council Direction:

If the Council would like to learn more about renovating the facility for a larger Chambers, staff recommends that the City contract with a licensed architect to perform a space planning study. From there, a design and cost estimate could be prepared for Council consideration. This process would take approximately 2 – 3 months to complete.

As a note, Mr. Masserini estimated that the equipment specified for the CCC option would cost approximately \$180,000 to install in City Hall since a portion of the necessary infrastructure exists.

Summary of Options

	Option A	Option B	Option C
Estimated Cost to Implement	\$300,000	\$0*	\$350,000 - \$500,000
Estimated Operating Costs and Loss of Existing Revenue	\$12,000	\$10,000	\$10,000
Potential Annual Revenue**	\$72,000 +/-	\$50,000 +/-	Unknown
Annual Net Impact	\$60,000 +/-	\$40,000 +/-	Unknown

*Assumes no investment in new technology

** Potential rent based on current lease market. Projected revenue does not account for leasing costs, including commissions, tenant improvements, permit fee expenses and any other potential rent considerations

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Related Information

As part of a separate agenda item, the Council will be asked to consider converting to paperless agendas by using tablets. Even though this decision is independent of the Council's decision on the Chambers location, paperless agendas would complement the proposed Chamber technology and enhance any of the proposed options.

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